

Central Intelligence Agency



Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

10 August 1988

MEXICO: ASSESSING THE POTENTIAL FOR SHORT-TERM INSTABILITY [REDACTED]

Summary

25X1

The ruling Institutional Revolutionary Party's (PRI) credibility was seriously challenged by its poor showing in the general election on 6 July. Nonetheless, we believe the PRI can control opposition challenges and successfully inaugurate president-elect Carlos Salinas in December. The PRI leadership expects the opposition parties to be satisfied with their unprecedented number of seats in the legislature and hopes they will forego continued massive public demonstrations over the presidential vote. The opposition has decided to challenge the election's legitimacy through legal means, including calling for a national referendum on the balloting and lodging official complaints with electoral courts. The opposition also plans massive public rallies to protest the election results, including a demonstration on 15 August when the Electoral College convenes. [REDACTED]

25X1

We believe the potential for widespread and potentially violent protests exists and is likely to persist, particularly if the opposition is not placated by the PRI's concessions or if the PRI resorts to blatant fraud in municipal and gubernatorial elections this fall. In addition, the ruling party will have to keep a lid on its own infighting and stem defections to opposition camps. Otherwise, its ability to control opposition challenges will be weakened and the prospects for political unrest in the short-term will increase. This memorandum presents a set of indicators

This typescript was prepared by [REDACTED] Middle America-Cuba Division, Office of African and Latin American Analysis. Comments and queries are welcome and may be directed to Chief, Middle America-Cuba Division, ALA, [REDACTED]

25X1

25X1
25X1

ALA M 88-20068

25X1

~~SECRET~~

SECRET

for assessing the PRI's ability to maintain control over the Mexican political system until the December inauguration. [REDACTED]

25X1

* * *

Traditional Levers of PRI Political Power

A Broad-Based Constituency. The ruling party historically has ensured public support by providing a place in its ranks for virtually all Mexicans. By creating a framework for labor, the middle class, and the peasantry to participate in the political system, the PRI has established itself as a complex and all-encompassing organization. Its political dominance has been bolstered by the support of Mexico's military leadership, which has often operated as an adjunct of the PRI by controlling local dissidence and providing intelligence on opposition activities. [REDACTED]

25X1

Limited Opposition. The existence of a traditionally weak and coopted opposition has allowed the ruling party to claim that Mexico's political system is "democratic." The only significant opposition facing the PRI in its nearly 60-year domination of Mexican politics has come from the conservative National Action Party (PAN), which is primarily based in the north and has had a relatively small membership. Leftist opposition parties historically have been fractious and weak. Many have functioned as satellites of the ruling party, and they generally support PRI policies in exchange for monetary support and a small percentage of seats in the legislative assembly. Like the PAN, they have helped reinforce the myth that Mexico is a multiparty, democratic system in which opposition views can be expressed. [REDACTED]

25X1

Perquisites and Patronage. The ruling party also has used the pork barrel--creation of government jobs, granting perquisites, and dispensing money--to attract and retain political support. The PRI's popularity was boosted by an extended period of economic growth from the 1960s until 1982. During this period, the PRI was able to reward party members and loyal supporters with substantial wage hikes, expanded social services, and informal payoffs. Because the PRI has long controlled the country's purse strings, constituents have been inclined to stay within party ranks rather than risk losing their access to such benefits. [REDACTED]

25X1

Threats to the PRI's Monopoly of Power

The ruling party has experienced an erosion of support over the past decade, due in part to a continuing economic crisis resulting from declining oil prices, government mismanagement, and a steadily climbing foreign debt. Since 1982, GDP growth has

been negative, inflation has soared, and real wages have fallen more than 40 percent. As a result, the benefits the PRI is able to pass on to its political supporters have shrunk, leading to disillusionment, increased popular unrest, and bolder opposition activity.* The choice of Carlos Salinas--the Budget Minister under de la Madrid--as the PRI's presidential candidate was not widely popular, mainly because of his lack of charisma and the fact that he was associated with harsh government austerity measures. [REDACTED]

25X1

The increased threat to the PRI's traditional dominance was dramatically underscored by the emergence of a new opposition group led by Cuauhtemoc Cardenas, a leftist ruling party dissident and the son of former President Lazaro Cardenas--who is generally considered the most popular leader in modern Mexican history. After splitting from the PRI late last year, Cardenas was nominated for President by three former PRI satellite parties. He received an additional boost when the dominant leftist party, the Mexican Socialist Party, threw its support to him in June. [REDACTED]

25X1

The PRI was stunned by the outpouring of popular support for Cardenas, which eventually resulted in his receiving 31 percent of the official vote in the July election. [REDACTED]

25X1
25X1

Cardenas's populist campaign platform appealed to many of the PRI's traditional working class and peasant constituents, while his name recognition and personal appeal won him substantial votes within the military and the urban middle class.

- Disgruntlement over continuing austerity spurred many union members to disregard instructions from their leaders to vote for Salinas, according to the Embassy. The head of Mexico's powerful oil workers' union even went so far as to urge local union leaders to vote for Cardenas, according to the US consulate in Monterrey.
- By stressing the need for meaningful land reform, Cardenas made significant inroads among the peasantry in a number of states. [REDACTED]

25X1

25X1

* See the attached chart, "Key Instability Indicators," that tracks the potential for growing political instability in Mexico. [REDACTED]

25X1

-- In many large military voting precincts, Cardenas prevailed over Salinas, [REDACTED]

25X1

25X1

25X1

[REDACTED] Cardenas enjoys the support of some officers who served under his father more than 40 years ago.

-- Many middle-class government employees and businessmen also defected to Cardenas during the election, according to the Embassy. [REDACTED]

25X1

Another key indicator for monitoring political stability is the extent to which divisions within the ruling party itself have weakened the PRI's power base. Many of the old-guard PRI members have been alienated by Salinas's tendency to disregard traditional party leaders while promoting the emergence of a new, younger generation. Many of the old guard have established their own network of patronage and favoritism within the party and resent the power accorded the relative newcomers. Some party bosses--especially those who suffered electoral losses and a resultant loss of political clout--may be tempted to join the Cardenas camp, which its leaders claim now better represents the principles on which the PRI was founded. [REDACTED]

25X1

Meeting The New Challenge

Opposition Plans. Both the opposition right and left have contested the PRI's assertion that Salinas is the official winner of the election, and leaders from each group have taken steps to challenge the results. Cardenas, who claims the PRI stole the victory from him, has called for a national protest to coincide with the convening of the Electoral College on 15 August, and has mounted an array of legal challenges to the election. A

[REDACTED] he may attempt to organize an opposition boycott of the Electoral College to undercut the credibility of Salinas's victory.¹ In addition, Cardenas hopes to persuade at least one state legislature to certify him as the legitimate president. Under Mexico's federal system, this would bolster his legal challenge to Salinas' victory and demonstrate that it is not universally accepted. [REDACTED]

25X1

25X1

The conservative PAN, while also protesting the electoral results, claims the election was marred by fraud from both the PRI and Cardenas's coalition. It is trying to organize a national referendum on the legality of the vote and is calling for a new election. Party leaders have also opted for limited collaboration with Cardenas's group, and they have agreed to hold

¹ According to the Mexican constitution, Deputies or Senators failing to take their seats risk having their political rights suspended. Moreover, political parties who have their elected representatives boycott the Electoral College can lose their official status. [REDACTED]

25X1

a 15 August rally in conjunction with the Cardenas demonstration, [redacted] Press reports indicate the PAN will also cooperate with Cardenas on his Electoral College boycott strategy. Meanwhile, the right hopes it can maintain pressure on the government by stepping up its campaign of civil disobedience--such as blocking bridges, occupying government buildings, and undertaking economic sabotage. [redacted]

How far and how long opposition leaders are willing to challenge Salinas' electoral victory--particularly given their stated intention to eschew violent tactics--remains unclear. For the near term, the left probably hopes at a minimum to foment divisions and defections within the ruling party that would further weaken Salinas' image as its leader and increase pressure from within the PRI to reverse the election outcome. In addition, some leftists may try to organize street protests as a means of displaying continued opposition momentum, maintaining the morale of fractious elements within both the right and the left, and discouraging those inclined to seek a separate accommodation with the PRI. Longer term opposition goals probably remain undefined, but will be driven largely by the ability of both the right and the left to attract continued and widespread public popular support. [redacted]

PRI Response. The ruling party has adopted a wait-and-see attitude since the election and has avoided direct confrontation with the opposition. Meanwhile, party leaders are attempting to negotiate behind the scenes with the left, which is viewed as less politically coherent--and thus more easily co-opted--than the right. [redacted]

[redacted] Finally, the PRI recently appointed a politically experienced party member as its number two man, which should facilitate bridging the gap between ruling party factions and ease negotiations with the opposition. [redacted]

We believe the ruling party is gambling that its control of the legal system and its majority in the Electoral College will sustain Salinas's victory and frustrate opposition efforts to overturn the vote. The PRI also probably calculates that the fractious nature of the leftist coalition and the limited backing it will receive from the right will preclude an effective boycott of the Electoral College or joint efforts in the new Congress to support a constitutional challenge of the election. By continuing to offer negotiated concessions and maintaining its low-key, non-confrontational stance toward the opposition, the PRI probably hopes that Cardenas's movement will lose steam and force it to opt for compromise with the government. [redacted]

Outlook

We assess the overall potential for political upheaval over the short term to be low (see chart). We doubt, for example, that Salinas's inauguration could be successfully blocked or that political violence would be severe enough to render him politically ineffectual when he takes office. The PRI, while caught off-guard by Cardenas's unexpectedly high vote tally in the election, nonetheless remains the self-proclaimed winner and controls the legal bodies responsible for verifying the electoral results. The following developments, in our view, would affirm that the ruling party has recovered from its weak showing in the election and is maintaining a firm grip on the Mexican political system:

- The PRI successfully coopts members of key sectors back into the party.
- Opposition demonstrations draw smaller and less enthusiastic crowds.
- The PRI successfully quells opposition criticism by allowing opposition parties to win selected municipal, and possibly gubernatorial, elections this fall.
- The government negotiates a wage-price package that placates workers and peasants while not seriously undermining its austerity program.

25X1

Nonetheless, the opposition appears determined to use all legal means to confront the government and has repeatedly called for massive demonstrations to protest the election results. We believe the following developments would enhance its position while undercutting support for the PRI:

- Cardenas organizes his dissonant political front into a formal political party and attracts strong leaders to his movement.
- The opposition movement gains momentum and repeatedly mounts large, widespread, and well-coordinated demonstrations against the government.
- The government increasingly relies on repression to control opposition activities.
- The PRI reverts to a "clean sweep" policy during municipal and gubernatorial elections this fall, prompting more popular demonstrations.

SECRET

- Important members of key PRI constituencies defect from the party to join the opposition; key military officers, for example, publicly announce their support for Cardenas.
- The government-controlled media becomes increasingly critical of PRI policy and Salinas. [REDACTED]

25X1

The potential for instability exists and is likely to persist, in our judgment, particularly if the opposition is not placated by limited PRI political or economic concessions. If the opposition abandons its policy of non-violent legal protest, opting instead for violent confrontation with the government, the resiliency of the regime and its ability to manage dissent without resorting to harsh repression will be sorely tested.

[REDACTED]

25X1

SECRET

KEY INSTABILITY INDICATORS, July 1988

Indicators for Potential Instability

Current Level of Concern

	<u>Low</u>	<u>Moderate</u>	<u>High</u>
<i>PRI</i>			
Lack of leadership unity and cohesion		X	
Declining support from key party members and constituencies		X	
Increased use of violent means (repression, coercion) to control unrest	X		
Eroding support of military	X		
Growing involvement of military in internal security matters	X		
<i>OPPOSITION</i>			
Ability of right and left to join forces to protest vote	X		
Ability of left to maintain cohesion/form single party		X	
Willingness of leadership to confront government		X	
Ability to sustain large crowds of supporters		X	
Sporadic incidents of violence spontaneous demonstrations	X		
<i>OTHER</i>			
Government-controlled media increasingly critical of ruling party, Salinas	X		

SECRET

MEXICO: Assessing the Potential for Short-Term Instability
10 August 1988

External Distribution:

Original - Robert Pastorino, Special Assistant to the President
and SR Director for Latin American Affairs, NSC, Room
392, Old Executive Office Building

- 1 - John J. St. John, Director Mexico, Bureau of Inter-American Affairs, Room 4258, Department of State
- 1 - Richard Melton, Deputy Assistant Secretary of State for Mexico/Caribbean, Bureau of Inter-American Affairs, Room 6263, Department of State
- 1 - Richard Clarke, Deputy Assistant Secretary for Regional Analysis, Bureau of Intelligence and Research, Room 6535, Department of State
- 1 - Robert M. Fouche, Director, INR/IAA, Analysis for Inter-American Republics, Room 7538, Department of State
- 1 - Paul C. Hulton III, Policy Planning Staff, Room 7315, Department of State
- 1 - Velia DePirro, Room 7534, Department of State
- 1 - Robert Baratta, DOD/ISA, Room 4C800, Pentagon
- 1 - Col. Conigliano, DIO for Latin America, DIA, Room 2C238, The Pentagon

- [REDACTED] 25X1
- 1 - DAS for Inter-American Affairs (OASD/ISA), Room 4C800
Via OUSD (P) CMD, Room 4D825, The Pentagon
- [REDACTED] 25X1

- 1 - Randy Fort, Room 2049, Treasury
 - 1 - FBI, Intelligence Liaison, Room 3033, J&H Building,
9th and Penn., NW Washington, DC. 20535
- [REDACTED] 25X1

- 1 - Charles J. Siegman, Federal Reserve Board, 20th and
Constitution Ave., NW Washington DC
- 1 - Kim Fitzgerald, Director, Office of Intelligence
Liaison, Room 6854, Main Commerce Building, Department
of Commerce

SECRET

Internal Distribution:

- 1 - NIO/LA, Room 7E62, HQS
- 1 - NIO/Economics, Room 7E48, HQS
- 1 - NIC/AG, Room 7B07, HQS
- 1 - D/OGI, Room 3G00, HQS
- 1 - C/OGI/Foreign Subversion and Stability Center, Room 3G04, HQS
- 1 - C/OGI/GID/WH, Room 2G00, HQS
- 1 - C/OGI/Political Instability Branch, Room 2G09, HQS
- 1 - C/DO/LA [] Room 3D38, HQS
- 1 - C/DO/LA [] Room 3D38, HQS
- 1 - C/LDA/LDA, Room 1H39, HQS
- 1 - C/DI/LDA/AL/CAM. Room 1H39 HQS

25X1

25X1

25X1

- 1 - C/PES, Room 7F24, HQS
- 1 - C/FBIS/Analysis Group, Room 212, Key Bldg.
- 1 - FBIS [] Room 212, Key Bldg.)
- 1 - NCD Registry, Room 800. Key Bldg.

25X1

25X1

- 1 - D/ALA, Room 3F45, HQS
- 1 - DD/ALA, Room 3F45, HQS
- 1 - ALA/PS, Room 4F21, HQS
- 1 - ALA/Research Director, Room 3F44, HQS
- 1 - C/ALA/MCD, Room 4F29, HQS
- 1 - DC/ALA/MCD, Room 4F29, HQS
- 1 - C/ALA/MCD/Caribbean Branch, Room 4F24, HQS
- 3 - C/ALA/MCD/Mexico Branch, Room 4F39, HQS
- 5 - ALA/MCD/Mexico Files, Room 4F39, HQS
- 1 - ALA/MCD Files

25X1

ALA/MCD/Mexico/Author: [] 10 August 88 []

25X1

25X1